

MASTER
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MASTER´S FINAL WORK
DISSERTATION

ANALYSIS OF CULTURAL DIFFERENCES AND
MANAGEMENT – A CASE STUDY OF A CHINESE
COMPANY IN PORTUGAL

YU WANG

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ABSTRACT

As the scale and scope of multinational corporations continue to expand, more and more Chinese companies enter the Portuguese market. But at the same time, cultural differences between countries, regions and nationalities have created cultural conflicts, which means that a central challenge for companies and business managers. Since culture and economy are interdependent and inseparable, it is necessary to pay more attention to cultural differences, and proper management strategies of cultural conflicts could solve the possible losses caused by cultural differences. Therefore, this dissertation uses the case of a Chinese acquisition company - Bison Bank in Portugal, uses the qualitative research methodology to analyze the impact of the host country's national culture on its organizational culture and the implications of this influence on cross-cultural management.

Keywords: National Culture, Cultural conflicts, Corporate Culture, Cross-cultural Management, China-Portugal

RESUMO

À medida que a escala e o âmbito das empresas multinacionais continuam a expandir-se, cada vez mais empresas chinesas entram no mercado português. Mas, ao mesmo tempo, as diferenças culturais entre países, regiões e nacionalidades criaram conflitos culturais, o que significa que um desafio central para as empresas e gestores empresariais. Uma vez que cultura e economia são interdependentes e inseparáveis, é necessário prestar mais atenção às diferenças culturais, e estratégias adequadas de gestão de conflitos culturais poderiam resolver as possíveis perdas causadas pelas diferenças culturais. Portanto, esta dissertação utiliza o caso de uma empresa chinesa de aquisição - Bison Bank em Portugal, utiliza a metodologia de investigação qualitativa para analisar o impacto da cultura nacional do país anfitrião na sua cultura organizacional e as implicações desta influência na gestão transcultural.

Palavras-Chave: Cultura Nacional, Conflitos Cultural, Cultura Organizacional, Gestão Intercultural, China-Portugal

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ABBREVIATIONS LIST

BRI	Belt and Road Initiative
CCT	Cross-cultural training
CD	Cultural Distance
FDI	Foreign direct investment
HC	High-Context
IHRM	International Human Resource Management
LC	Low-Context
M&A	Mergers and acquisitions
MNEs	Multinational enterprises
UNCTAD	United Nations Conference on Trade and Development

1-INTRODUCTION

1.1 *Importance of the Theme*

Under the global competition, the acceleration of global business development has led many researchers to deepen their study on cross-cultural management, and the international market environment can no longer be defined by a single national culture. It is essential to recognize the increasing complexity of connections within and between organizations and to create knowledge and cultural synergies by developing specific intercultural capabilities (Adler, 2002; Escrig-Tena, Bou-Llusar, 2005).

In fact, international management research is an essential foundation to link national culture with the differences in many cross-national practices (Trompenaars & Hampden-Turner, 1998). Hofstede (1983) considered that the fundamental factor in organizational science is the influence of national culture on management.

Since 2011, numerous Chinese companies such as Three Gorges Corporation, State Grid Corporation, China State Construction Engineering and Beijing Enterprises Water Group Limited have invested in Portugal. According to UNCTAD statistics (2017), Chinese firms and citizens have invested more than 9 billion euros in Portugal, turning it the fifth largest target country for Chinese investment in Europe.

China's Belt and Road Initiative was proposed in 2013, with two routes connecting Eurasia by rail (the "belt" route) and sailing through Southeast Asia and Africa to Europe under maritime traffic (the "road " route). Portugal could be an important hub of both routes, is a major participate country. The BRI emphasizes economic development through three infrastructures to build new interdependent economic relations between China and other countries (Lo, 2015). They help promote bilateral and multilateral trade and stimulate economic growth (Swaine, 2015).

In recent years, the BRI provides an important incentive for Chinese companies to accelerate the pace of internationalization, more and more Chinese

companies enter the Portuguese market. It brings not only a mutually beneficial but also a challenge, especially for multinationals. Even for small businesses that want to remain in a powerful position in international competition and develop for a long time, they cannot ignore the misunderstandings or conflicts caused by cultural differences. Since the culture of growing and education can affect a person's thinking and behavior, it automatically influences the human management ability in other countries/cultures (O'Grady and Lane, 1996). This present study may be relevant to Chinese companies active in the Portuguese business for being based on national culture as the principle explanatory variable.

1.2 Research questions and objectives

First, it is essential to examine the importance of culture for overseas expansion, from the perspective of the cultural definition. After that, analyze how the culture affects the influence of enterprises and individuals at a personal level, national level, and organizational level to answer the research question: Does national culture cause conflict for a Chinese company in Portugal? Does cultural diversity within the organization affect the company? How to deal with cultural differences in company? Therefore, the main objectives are:

- 1- To determine the national cultural distance dimension differences between both countries;
- 2- To determine the impact of national culture and organizational culture for Bison Bank in Portugal;
- 3- To determine the methodology of Bison Bank to manage its workforce diversity.

1.2 Structure

This dissertation is distributed into seven chapters. The first chapter elaborates on the introduction through a simple theoretical framework and the introduction formulation of research questions and objectives. Later, Chapter two deals with a literature review, being the main themes theories are presented here. The third chapter summarizes the analysis model and the propositions to be tested. Next is Chapter four, which presents the research methodology and

analysis methods used. Chapter five introduces and discusses the results through a case study of a Chinese company in Portugal. Chapter six summarizes all the conclusions and recommendations encountered during this investigation. Finally, Chapter seven introduces limitations and future research.

2-LITERATURE REVIEW

2.1 *Theories of National Cultures Dimensions*

In order to understand how organizational culture influences the cognitive structure of the organization, it is necessary to research the context of the culture in which a country is inserted (Hofstede, 1984; Motta & Caldas, 1997).

According to Adler (1983a), during the 1980s, the United States conducted parochial management research on a single culture: the Americans. Obviously, the study in a single cultural framework is limited in both theoretical conception and practical application (Barrett & Bass, 1972). With the international expansion and the emergence of multiculturalism, the synergistic study has set up a universal management and organizational model based on cultural distances in order to achieve cross-cultural interaction (Adler 1979 & 1980; Harris & Moran 1979). In other words, personal behavior maintains its cultural specificity although these organizations are becoming more and more similar worldwide (Adler, 1983b). In internationalization processes, knowledge of cultural differences and similarities between countries is an essential factor for the success of multinational companies (Kogut & Singh, 1988; Shenkar, 2001). In the following article, definitions and dimensions of several cultures will be introduced.

2.1.1 *Values Orientation Theory*

Kluckhohn and Strodtbeck (1961) figured that culture have to form an appropriate system of values and solve problems in five basic aspects: human nature, relationship between man and nature, time, activity, and relational orientations (Cullen, 2000).

People from different nationalities and countries have distinct ideas about these five dimensions, and these concepts can significantly affect people's attitudes and behaviors in their life and work (Kluckhohn and Strodtbeck, 1961). Although this theory has not been profoundly explored, it is a reason by authors.

Table 1. Values Orientation Theory of Kluckhohn and Strodtbeck

<i>Basic Concerns</i>		<i>Orientations</i>	
Human nature	Evil	Mixed	Good
Relationship to natural world	Mastery	Harmony	Submission
Time	Past	Present	Future
Activity	Being	Becoming	Doing
Social relations	Hierarchical	Collateral	Individual

Source: Weil, N. Beliefs, Values, and Cultural Universals. Speaking of Culture.

However, Tang & Lu (2005) consider that this dimension is distinguished by good, bad and neutral (Table 1), turning it into an extreme situation, they can only make a judgment of tendency but not a unique determination.

2.1.2 The Seven Dimensions of Culture

Trompennars and Hampden-Turner (1998) present a model with seven cultural dimensions. The first five focus on personal relationships and the last two concern time management and the relationship between society and nature.

- Universalism vs Particularism
- Individualism vs Collectivism
- Specific vs Diffusion
- Neutral vs Affectivity
- Achievement vs Assignment
- Time orientation
- Attitude to the environment

The authors believe that culture has no distinguishing factor between “right” and “wrong”, “good” and “bad”, only differs. The expression of culture is different in the way various cultures choose to solve problems.

As we notice, the model presented by Trompennars is based essentially on previous works by Kluckhohn and Strodbeck (1961) and Hofstede (1980), previously presented and also by the study Parsons and Shils (1951), not considered in this text.

2.1.3 Low - High Context Theory

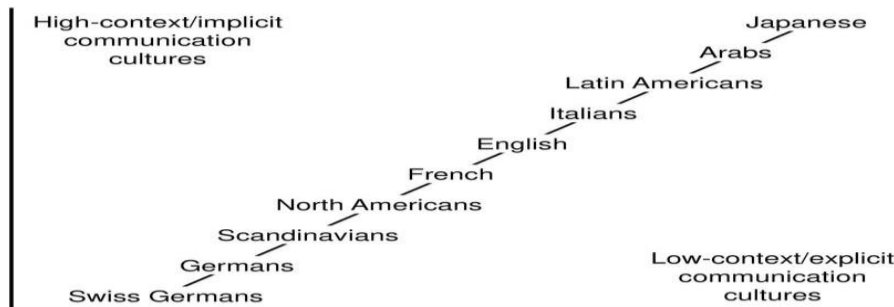
Hall (1992) believes that culture is communication. He divides national culture into high-context or low-context according to the elements of the scene difference. Firstly, Hall (1959) proposed three dimensions which are interrelated:

- Space refers to the organizational space defined by individuals of different cultural origins in an unconscious state (High territoriality vs Low territoriality).
- Monochronic vs Polychronic time refers to the option and management of time from members of different cultures.
- Context means the essence of the sense structured through the use of different messages and expressions.

In cross-cultural research, Hall (1976) has detailed high-context and low-context culture. HC contains no-verbal communication, and there are many context elements that help people understand the rules. The contract is seen as the beginning of the development of the relationship between both. Kim et al. (1998) argue that communication, in this case, is impacted by interpersonal intimacy, well-structured community hierarchies, and strong behavioral norms; Contrarily, in LC, most of the information is verbal and straight meaning, causing less misunderstandings. The contract is a promise by the two sides in accordance with the agreed method that cannot be changed, until the end of the negotiation process. LC culture has a great dependence on rules.

Different countries were categorized as follows (Table 2).

Table 2. High-Low context by culture



Source: Luthans, F., & Doh, J. P. (2012). International management.

Although Hall's theory has conceptualized the idea of cross-cultural interaction (Leeds-Hurwitz, 1990; Hart, 2002), the definition of Hall (1976) is polarized and lacks a solid empirical basis (Chuang, 2003; Holden, 2002). Moreover, some researchers think that Hall's practice of dichotomizing everything, does not apply to national culture in a globalized world anymore (Fang, 2005; Craig & Douglas, 2006; Gerhart, 2008).

2.1.4 Hofstede's Cultural Dimensions Theory

In 1980, a Dutch social psychologist, Geert Hofstede, observed that culture influences the attitudes of managers and workers as well as the values applied to work. In this case he (1983) defined four cultural dimensions: individualism, masculinity, power distance and uncertainty avoidance. Later, two cultural dimensions: indulgence and long-term orientation, which is also called Confucian dynamism, were added after Michael Bond's (1987) contribution. This is one of the most quoted sources by researchers and the most influential cultural definition of cross-cultural management research to date.

- Power distance measures the degree of inequality that people accept in the distribution of power within an organization. In this dimension, inequality and power are perceived by the lowest level. A large power distance demonstrates that hierarchy is firmly established and practiced in society and that subordinates have a strong dependence on the superiors. A lower degree of the Index means that people doubt authority and try to

redistribute it fairly, which means that employees expect to be involved in decision-making.

- Uncertainty avoidance indicates the degree of instability and ambiguity that people can accept or tolerate in dealing with daily issues. In countries with a high rate of uncertainty aversion, individuals often take actions such as refusing, fleeing, resisting, and reject different social behaviors, usually formulating more formal rules. In countries with low levels of this index, there is greater acceptance and tolerance for different social and cultural opinions, ideas and behaviors.
- Individualism and Collectivism Index discuss the extent to which individuals in society are included in groups. Individualism refers to a loose social structure that often only relates to own immediate family. In this sense, a collectivist society shows a better-structured organization with stronger and more intense interpersonal ties.
- Masculinity versus Femininity, corresponds to a 'tough-tender', representing the preference of individuals in culture for values of success and competition. Such as competition, success, and performance are more common in masculine value, in feminine culture, the emphasis is on life quality, care of the weak and harmonious social relationships.
- Indulgence versus Restraint relates to the basic nature of human beings who enjoy life and control desires (Hofstede, 2011). In a country with a high degree of indulgence, pleasure and entertainment are best accepted as part of human nature. In contrast, people are exerted greater moral restrictions on their lives and emotions.
- Long-term orientation also referred to it as 'Confucian dynamism', it indicates the level of concern and attitude towards the past, present, and future of the community. Hofstede (1991) explained that long-term orientation represents a dynamic, forward-looking mindset associated with four values: thrift, arranging and following the order of hierarchical relationships, persistence, and a sense of humiliation; whereas short-term orientation implies a more fixed, tradition-oriented culture lined with

respect for tradition, protecting your face, personal steadiness and stability, and reciprocation of greetings, favors and gifts.

In addition, In the definition of organizational culture, Hofstede (1991) points out that can be described as "onion" on four different scales: symbols, heroes, rituals and values. Its outline is similar to the boundaries of countries that have a basic unit of analysis and have always emphasized national culture. On the outer surface of the "onion", Hofstede (1991) indicates that symbols, heroes and rituals are the "practice" of culture (fig.2 attached). In other words, cultural behavior may change (Fang, 2005). The core of "onion" is the stable values that guide human behavior (Hofstede, 1991), even though Fang (2005) believes that the "onion" model indicates that the two opposite cultural dimensions are insufficient. According to Hofstede & Bond (1988), the management principles and approaches of a country are dependent on its culture. Differences in management practices in various countries can be observed through cultural differences, thus enhancing the effectiveness and objectives of intercultural management.

2.1.5 Yin-Yang

In contrast to the previous, Fang (2014) considers that these generated cultural models (e.g., Hofstede, 1980, 1991, 2001) have been defined as static, he suggested by using the innovative method named *Chinese philosophies Yin-Yang* to understand completely its essence. In contrast to the Western perspective of paradox as the only opposition, Yin-Yang philosophy accepts paradox as interdependent opposites (Chen, 2002) that change constantly (Fang 2012a).

The origin of Yin-Yang philosophical principle, which may be earlier than Taoism and I Ching (Lee & Wang, 2003; Wang & Song, 2007), shows that the culture of action is full of diversity, even if cultures tend towards one end of the bipolar dimension, they are likely to show acceptance at the opposite end (Fang, 2012a).

According to this theory, all common phenomena are formed by the integration of two opposite cosmic energies. Yin is like the moon, weak, soft, and stands for "female." Yang is just like the sun, strength, hardness, and represents "male". They are the whole shaped by the coexistence and union of opposites (fig. 1 attached). From this perspective, culture has a self-contradictory value orientation and changes over time (Fang, 2014).

Meanwhile, Fang (2012b) believes that attitudes toward cultural differences should be proactive because they can facilitate innovation and the creation of cultures (Fang, 2012b).

2.2 Countries Cultural Distance

Beckerman (1956) points out that trade between countries does not depend solely on existing distances, but also on other factors such as language and culture, as well as private dealings with foreign suppliers.

Hill et al. (1990) consider cultural distance as the perceived distance between the country of origin and foreign countries regarding culture, economic systems, and commercial customs.

According to Kogut and Singh (1988), the extent to which firms are indeterminate about international market characteristics, which is the definition of cultural distance. Evans, Treadgold e Mavondo (2000) think that's cultural and business differences arising from the distance between national and international markets.

In addition, widely accepted is Hofstede's (1980) definition that the cultural dimension is a measure that can be linked to other cultures and then pinpoint six basic dimensions of national culture.

Differences between cultures affect the way companies expand their international operations (Javidan et al., 2005). When internationalizing, cultural differences can create obstacles in the business relationship, leading to conflict and dissolution of partnerships (Barkema, Bell and Pennings, 1996; Shenkar, 2001).

Agarwal (1994), Barkema and Vermeulen (1997), Brouthers (2001), and Hennart and Larimo (1998) demonstrated that because of a larger gap in the cultural distance index, it increases the level of uncertainty associated with FDI and high levels of CD made investors choose joint ventures over 100% subsidiaries. Agarwal (1994) considers that this can be reduced by using a JV with local partners, because of a better understanding of local ethnic cultures.

On the other hand, Barkema and Vermeulen (1998), Kogut and Singh (1988) and Larimo (2002) show that increasing cultural distance, leads MNEs to more attracted to greenfields rather than acquisitions. Kogut and Singh (1998) and Larimo (2002) identify the greater cultural distance, obstructs organizational integration and working practices, making acquisitions less attractive in countries with a large DC. Barkema et al (1997) concluded that an increase in the cultural distance made it more likely that international joint ventures would not succeed. Evidently, only the level of uncertainty in short-term and long-term orientation in cultural dimensions of Hofstede (1980) were sensitive to this relationship (Barkema and Vermeulen, 1997).

Therefore, the cultural distance determines the way the country of origin enters the destination country's market (Ferreira, 2011), because of the difference of its form, the degree of control over the company's external operations, the resources it compromises and the potential benefits that will be obtained differently (Bradley & Gannon, 2000).

In addition to that, Ilhéu (2012) considers that cultural distances also affect the company's perspective and so, various control mechanisms, such as contracts are needed to reduce uncertainty. A high cultural distance may require a very formal contractual structure (Ilhéu & Pereira, 2012), so manufacturers have to enhance the legal scope of relational governance for their foreign distributors (Roath, et al., 2002).

Webber (1969) considers that cultural integration is used to increase communication and CD interaction. With the pace of globalization, CD shows a downward tendency (Shenkar, 2001). At the same time, Buckley and Casson (1976) argued that the proximity of geography would reduce barriers to entry,

thereby reducing the cost of management coordination and control (Vachani, 1991). Shenkar (2001) pointed out that bicultural individuals, especially in senior positions, rely on the fact that familiarity of foreign and host countries can bring the two countries together.

2.3 Corporate culture

2.3.1 Concept

The social processes in organizations are determined by the personal and communicational relationships that define the culture and, which means that maintaining a balance between influences from the outside world and internal needs is quite important in an open systemic process. (Evan, 1976). To achieve this homeostasis of productivity, efficiency and customer satisfaction within companies, it is necessary to know what are the factors that determine and positively affect the culture for the achievement of organizational purposes.

For Rodríguez (2002), the focus on resources and capabilities from the perspective of intra-organizational analysis, increases the company's competitiveness and they are endowed with a unique set of capacities or competencies (Acosta & Rodríguez, 2008). Likewise, in relation to the external perspective, the factors that determine the culture and guide action towards the formulation of objectives, values, strategies, policies, and the use of knowledge and techniques, should be the object of study in organizational analysis, to contribute efficiently and rationally to the behaviors and attitudes that impact the dynamics and consolidation of the organization (Salgado & Hernández, 2006).

Therefore, corporate culture is important for both the organization's strategy and employee performance (O'Reilly, 1989), such as it is a powerful leadership instrument for managers and one of the elements for developing a dynamic organization (Schein, 2004). Especially explain the way of different culture impacts on work attitudes (Poortinga and Van de Vijver, 1987), and the influence of cultural differences on organizational behavior and work practices (Earley and Erez, 1997).

For Kotter and Heskett (1994), corporate culture is the pattern of behavior or norms in an organization, that employees automatically encourage new colleagues to follow; At the deepest level, culture involves values that are shared by people in the group and that tend to endure over time, converting it difficult to change.

Moreover, according to the views of Pettigrew (1979), Schein (1985), Barney (1991) and other authors, the deepest level of organizational culture is a complex set of values, beliefs and assumptions that manifest in the structure, systems, symbols, myths and reward models within the organization, defining the way companies conduct business.

According to Edgard Schein (1992), corporate culture is the basic assumption for addressing internal adaptation and external integration issues, which can guide new employees to think and perceive the right approach. The author defines corporate culture as three levels:

- At the first level, including visible rewards, are the dress code and how people interact. These cultural elements have organizational attributes.
- The second level includes the organization's goals and strategies, namely the company's mission and personal values.
- At the deepest level, corporate values that are invisible and between members of the organization.

Whether in the deepest or the shallowest levels, Schein (1992) has introduced ethical-related values that guide people to make the correct decision, but that are not mandatory.

2.3.2 Elements of Organizational Culture

Deal and Kennedy (1982) propose an organizational culture model that combines five elements:

Values - beliefs in organizations that deal with prejudice and ideology.

Heroes - those who contribute to the company and are followed and imitated by employees in the organization.

Rites - rituals and etiquette that enforce the importance of culture and participation.

The cultural network - valuable message and gossip which spread within the organization.

The business environment - the position of the organizations.

According to these, the authors consider the corporate culture is as important as financial control and employee satisfaction.

2.4 Cross Culture Management

Adler (2002) argues that cross-cultural management is the action of organizational behavior between different countries and cultures, seeking interaction and understanding through interactions between managers, customers and partners. The author also supposes that it is a way to deal with cultural differences, recognize the similarities and differences between organizations composed of multiple cultures and combined with the new forms of management and organization.

One of the most difficult challenges of international business is the management of people (Laurent, 1986). Briscoe and Tarique (2012) consider that multinational companies need to select the regional human resources manager, based on professional skills, communicative competence, cultural motivation, family situation, and language ability, then assign global responsibility.

In addition, Black and Mendenhall (1990) indicate that CCT enables individuals to learn skills and minimizing inappropriate behavior and misunderstandings, thereby promoting effective cross-cultural interaction. Cross-cultural training can be pursued through three aspects: self-psychological skills, interpersonal skills, and a correct cognition of the host social system (Mendenhall & Qddou, 1985).

2.4.1 Management Styles

Schein (2010) pointed out that management style is affected by the process of forming and developing organizational culture.

Harrison (1987) divides the organizational culture into four classifications: Role culture, which states that the work performance is due to respect contractual obligations and the power of the leader is invisible and evasive; Achievement culture, meaning employees work to gain their needs and expectations and leaders actively pursue goals in competition and encourage the employees participation; Power culture, that identifies work to be fulfilled with hope for rewards, based on the habit of respecting authority and the leader's power base as force or reward (Pheysey, 2002); Support culture, which points that work is carried out of the enjoyment of the event itself, caring and respecting the needs and values of others involved (Handy, 1985). In this case, leaders tend to listen to their subordinates, seek unanimity and promote mutual trust and respect.

According to the definition of Harrison (1987), the corresponding management style is generated as follows:

- Based on expert knowledge and mastery of technical experts (Quinn & McGrath, 1958), and laissez-faire (Lippit & White, 1958) management style.
- The style of consultative (Likert, 1967) and rational achievers (Quinn & McGrath, 1958) is to constantly encourage employees to achieve high performance (Pheysey, 2002).
- Authoritative (Likert, 1967) and authoritarian (Lippit & White, 1958) styles, meaning managers who based on power tell subordinates what to do.
- Participative (Likert, 1967), democratic (Lippit & White, 1958) and existential team-builder (Quinn & McGrath, 1958), aiming that leaders use their positions to provide employees with satisfactory job opportunities.

Managers in each country have many different perceptions and behaviors (Bonvillian & Nowlin, 1994), which can influence decisions within the company (Pagell & Sheu, 2005). Managing change is the key factor to generate or maintain a competitive advantage (Lientz & Rea, 2005).

Smith (2006) comments that there are three critical factors that each manager should have: commitment, vision and direction. Managers should have a sense of participation and develop new visions to achieve goals; their words

and deeds represent expected changes. In addition, leaders need to establish clear and achievable methods for employees to refer to. In fact, Smith (2006) regards as important, human factors in the change management process. Furthermore, Diefenbach (2007) considers that communication and human factors are the crucial elements that managers should be noticing, in order to develop successful and effective activities.

2.4.2 Cultural Differences and Conflict Management

Blake and Mouton (1964) first proposed a method of managing conflicts in view of attention to production or people. According to Adler (1980), there are three strategies for resolving cultural conflicts within an organization:

The first is dominance, which is to establish an organizational culture that is above other cultures. This can form a unified corporate culture in a quick time period, however, because of the repression the members have strong resentment and eventually it exacerbates the conflict (Martin, 2014).

The second is compromise, which means that compromises and concessions are used to avoid cultural differences, but this only applies when the differences are very small (Martin, 2014) and it is impossible to solve the problem fundamentally.

The third is synergy, which is to build an inclusive cross-cultural environment, based on recognition and respect for different cultures, so that enterprises have the advantage of multiculturalism when they develop into globalization (Adler & Gundersen, 2007).

Rahim (1983) concludes that, based on two variables: self-interest satisfaction and counterparty interest's satisfaction. Although researchers use different names for conflict management, they have the same meaning (Cheung & Chuah, 1999; Montes et al., 2014).

2.5 China and Portugal Cultural Distance

National cultural differences are manifested in the way of organizational construction and management (Hofstede, 1991; Cheng, 1995; Trompenaars and Hampden-Turner, 1998; Chen, 2001). Lok and Crawford (2004) identified the

main difference between the management practices of Eastern and Western companies, in the way of adoption between individual values and corporate culture, and the interplay between national culture and personal values. By using Hofstede's model, we observed the cultural distance between China and Portugal (fig. 3 attached).

Lockett (1988) noticed that Chinese firms tend to be paternalistic, having great respect for age and hierarchy. Therefore, Chinese people tend to have high power distance value and a clear distinction between managers and subordinates. In other words, decision making is made by the member in highest position (Xu and Wang, 1991) and collective interests have always been considered more important than personal interests (Laaksonen, 1988). Guanxi (a form of social networking to keep relationships) is an important part of Chinese collectivist culture, which plays an essential role in running a business (Chow and Ng, 2004). By contrast, Western companies promote individualism, decentralize decision-making and give employees greater power (Lok & Crawford, 2004). Promotion is usually related to personal abilities and strengths (Chen, 2001; El Kahal, 2001).

However, as a Western country, Portugal's social behavior is similar to China, also has a high-power distance and high collectivism (Ilhéu & Pereira, 2012). The Portuguese have a high degree of respect for the authority figures, giving the titles and status a high value. The superiors and subordinates consider themselves unequal in nature (Rego, 2014) and the link between employers and employees is considered a family bond and everyone in groups is responsible for their fellow members (Hofstede, 2019).

Aube et al (2007) observed that Asians rely more on social means to control, which is a form of control that the West ignores. Some researchers believe that Chinese people pay more attention to rules, roles and case-based decisions. Therefore, this behavior can be classified as "uncertain avoidance" (Hofstede, 2001; Haley, Haley and Tan, 2004). In contrast, the Portuguese value the development of a stable plan with low acceptance of innovation and difference, having this feeling reflected in stress, the need for predictability, rule seeking and security (Rego, 2014).

China is presented as a success-oriented male country (Hofstede, 2019). Graham and Lam (2003) clarified that Chinese society is driven by competition, achievement and success, of which working hard is highly valued and the sacrifice of time with family and of leisure is normal. At this point, Portugal is a more feminine, low-competition country (Hofstede, 2019), where people are more concerned about the quality of life (Rego, 2014) and value equality and solidarity at work (Hofstede, 2019).

Hofstede (1991) used the Confucian Dynamism index to explain the national economic growth. His research shows that most Asian countries, including the Chinese society, are classified as long-term development cultures, which defines China as a pragmatic society that promotes frugality that has a tendency to save money (Hofstede, 2019). Portugal is a short-term oriented country, more focused on traditions and normative thoughts, tending to achieve results more quickly (Hofstede, 2019). In this aspect, the difference between the two countries is relatively large.

3-EMPIRICAL CASE

This study analyses an acquisition carried out by a Chinese company – *Bison Bank* in Portugal in 2018. The present survey was carried out in 2020, 2 years after the acquisitions had taken place. This time lag after the acquisition was sufficient for a meaningful investigation of the integration process (Haspeslagh & Jemison, 1991), but simultaneously, the time was not long enough (Huber & Power, 1985).

Bison Financial Group Co., Ltd. was listed in Hong Kong on June 28, 2001 and transformed into financial services in 2017. It is mainly engaged in external asset management and in the investment of advisory services for fund management business.

Banif Financial Group was founded on January 15, 1988, being a Portuguese state-owned international financial services Group, associated with the *Banco Internacional do Funchal* and specializing in the provision of retail banking products and services to individuals, sole traders, and SMEs. As a result of the Portuguese sovereign debt and banking crisis, Banif was one of many

Portuguese banks that were nationalized in order to be bailed out by the government. Its assets were sold to Banco Santander Totta and Oitante in December 2014. (Source: <https://www.bisonbank.com/>)

Bison Capital completed its 100% acquisition of Banif – Banco de Investimento, S.A. from Oitante, S.A., after it had been formally approved by the European Central Bank and Bank of Portugal in July 2018 and after pumping 41 million euros into the bank to keep it afloat.

According to *Negócios* reports, Bison Capital Co. Ltd of China has renamed its newly acquired Banco de Investimento SA (Banif), now calling the Portuguese bank *Bison Bank*, which is headquartered in Lisbon. The Bank is wholly owned by the Hong Kong based Bison Capital Holding Company Limited, through Bison Capital Financial Holdings (Hong Kong) Limited, a financial holding company registered in Hong Kong. The bank focused on providing a wide and specialized range of Wealth Management, Depositary & Custody and Investment Banking services to individuals and Institutional clients. Its strategic goal is to take advantage of its privileged connection to the Asian market and make the financial bridge between Asia and Europe.

Bison Bank ended 2019 with losses of seven million euros, a slight improvement on the 9.4 million losses recorded in 2018. On the positive side, the bank's net operating income of 2.4 million euros stands out, "representing a recovery in the bank's operating activity compared to 2018 when net operating income was negative by 125 thousand euros".

The bank closed with net assets of 88 million euros in 2019, two million less than the previous year. Net liabilities were 38.5 million, a reduction of almost five million compared to 2018. (Source: <https://eco.sapo.pt/2020/06/02/banco-de-portugal-manda-bison-bank-aumentar-capital-em-19-milhoes-ate-final-do-mes/>)

According to the bank, the improvement in business was essentially due to three factors: the 422 thousand euro increase in the financial margin; the 1.06 million euro reduction in losses on financial assets and liabilities accounted for at

fair value through profit or loss, which at 31 December 2018 was essentially due to losses on the carve-out; and the 509 thousand euro receipt from the liquidation process of Banif Finance.

The Bison Bank has fourteen departments (Figure 4), has employed 57 people at the end of 2019, minus two workers compared to 2018 (*Source: ECO News*). As stated before, the interviews were with four employees from different functions.

4-CONCEPTUAL MAP AND RESEARCH PROPOSAL

The following table provides an overview of measurements of each definition based on the answers to the research questions in this dissertation, then presents the corresponding proposals, and summarizes the topics of literature review. The details of the conceptual map will serve as the basis for formulating the case study proposal.

Definition	Measurement	Research questions	Primary bibliography
National Culture	power distance, uncertainty avoidance, Individualism, masculinity, indulgence, long-term orientation, low/high context	Does national culture cause conflict for a Chinese company in Portugal?	Hall (1992), Hofstede (1983), Hofstede (2011), Michael Bond (1987), Trompennars and Hampden-Turner (1998)
Organizational Culture	personal values, mission and vision, employees behavior	Does cultural diversity within the organization affect the company?	Deal and Kennedy (1982), Edgard Schein (1992), Hofstede (1991), Schein (1985)
Management practice	training and development, appraisal, remuneration, decision-making participation, cultural collaboration	How to manage the cultural differences in M&A company?	Adler & Gundersen (2007), Harrison (1987), Likert (1967), Lippitt and White (1958), Quinn and McGrath (1958), Lippit and White (1958), Martin (2014), Pheysey (2002), Quinn and McGrath (1958)

This chapter aims to answer the research questions raised at the beginning of this article by analyzing the case and clarifying the information collected at the same time, and to make corresponding proposals based on the variables of the concept map.

Proposal 1. National cultural differences increase the post-acquisition conflict.

Proposal 2. The cultural diversity within the organization has a positive impact on the company.

Proposal 3. Bison Bank in Portugal effectively manages the workforce diversity.

5-METHODOLOGY

5.1 Chosen Method

Case studies have been used for a long time in different areas of knowledge, the design of the research as a case study, arises with the need to understand complex group, social and organizational phenomena, the principal aim of this type of research is to highlight the characteristics and attributes of social life (Hamel, 1993).

Goode (1977) identifies case studies as a means of organizing data to maintain the unity of the studied object. The case study represents an empirical investigation and comprises a comprehensive method, with the logic of data planning, collection and analysis (Yin, 2015). It includes not only individual and multiple case studies, but also quantitative and qualitative research methods. In the view of Stake (2005), case studies are distinguished by their specific interest in individual cases, rather than a method of investigation that can cover their scope. Based on Yin's (2003) research, the case method is more appropriate when the focus is on answering the 'how' and 'why' questions, and when there is a connection between the researching phenomenon and context.

Compared with quantitative research, qualitative research may have fewer respondents, but its purpose is to gather deeper knowledge (Creswell, 2014). The qualitative approach in this research stems from the fact that it is intended to

analyze the impacts of an organizational acquisition in order to value the concern with the process and not just with the results. This type of approach does not seek numerical representativeness, but rather to explain the reason for things. Yin (1984) emphasized that qualitative analysis is an explanatory method used to propose and explain research questions. This is a way of subjective explanation of textual data elements through a systematic categorization process that identifies topics (Hsieh & Shannon, 2005). Qualitative methods focus on the perception of relevant personnel, so they are usually taken through interviews, observations and focus groups (Creswell, 2014). At the same time, this method enables researchers and participants to work closely together through storytelling of participants (Crabtree & Miller, 1999). After these stories, participants can describe their perceptions of reality, which allows researchers to understand their behaviors well (Lather, 1992).

In this way, through a case study and the qualitative analysis, this research sought to identify the impacts and cultural changes felt by the employees of the two groups involved in the acquisition process.

5.2 Data Collection

The process of this paper's data collection is conducted through four semi-structured in-depth interviews. In order for the interview to proceed smoothly, the interview is based on a script prepared in advance and aims to obtain consistent and relevant conclusions for the initial research question, based on the dimensions and variables described in the conceptual map. For this investigation, four Bison Bank employees were interviewed, representing the different levels of education and functions. The interviews were conducted in October, due to the pandemic of Covid-19, the interviews were conducted via real-time video through the platform Teams, with each one lasting approximately an hour, while also allowing the interviewees to make a introduction of themselves at the beginning, during which it was maintained great control not to let them get away from the subject in study. To ensure the ethical requirement for confidentiality to the participants, each one of them were treated anonymously within my study and so, names will not be provided, as we will identify them by A, B, C, and D in the following articles.

Table 3. Sample characteristics

Name Code	Gender	Age	Nationality	Academic background	Position Title in the company	Cross-Cultural work experience	Work experience in Bison Bank
A	male	37	Portugal	Post-Graduation	Head of legal and Company Secretary	4 years in Macau	since august 2018
B	female	30	Portugal	Marketing Strategy Master	Senior Personal Account Manager	6 years	3 years and 2 months
C	male	52	Portugal	Bachelor of Finance	Senior Business Analyst	No	2 years
D	male	33	China	Finance and Economics Master	Analyst	No	5 years

The interview guide is attached (in the Appendix).

5.3 Data Processing

With the prior authorization of the participants, the interviews were deep and recorded, the interviewed subjects were 4 employees with various functions in the company. After the transcription and analysis of the collected data, these will be imported into MAXQDA, a professional qualitative data analysis software. The transcription was performed on the same day, thus avoiding the loss of context and consequent errors in interpretation. The procedures, such as the definition of codes, the writing of memos, and the definition of variables are all supported by MAXQDA and all listed procedures could be applied to the data being analyzed.

Therefore, after the transcription, these pieces of information were imported into MAXQDA 2020 (fig.5 in appendix), a professional qualitative data analysis software. Subsequently, according to the conceptual map, the interview was involved and coded in the respective software, through the creation of categories and subcategories included in the code system (fig. 6 in appendix). Each category corresponds to an analysis dimension and the subcategories correspond to the respective variables. Then, in order to facilitate the process of interpreting and organizing the interview, the relevant data for each category were grouped into the respective subcategories.

6-DATA ANALYSIS RESULTS AND CONCLUSION

6.1 Data Analysis Results

6.1.1 National Culture

Proposal 1. National cultural differences increase the post-acquisition conflict.

Power Distance: In this matter, the difference between China and Portugal is not quite so obvious. Combining the answers of the four respondents, it was observed that there is a clear hierarchy of rights in Bison Bank, with Chinese as shareholders. Employees can express their views to their superiors, but the hierarchy is still clearly within the organization.

Uncertainty Avoidance: In this investigated case, Portugal is a country with a high degree of uncertainty avoidance. *"Due to the special character of the bank, people are scrutinized, so breaking the rules is definitely not allowed, otherwise the consequences would be severe."* Fixed and clear regulations are satisfactory and secure. In contrast, breaking the rules could make people feel uneasy.

Individualism: The difference from the case mentioned in Chapter 1 and this one, is that, neither China nor Portugal showed strong collectivism. *"Communication between people is direct (...) showing self-confidence and expressing one's opinions is encouraged in the workplace."* The respondent D, who was assigned from China to Portugal, said that *"At the beginning of entering the new department, although there was a feeling of being an outsider, the niceness and friendliness of colleagues got rid of all this"*. With the influence of social changes and transnational work experience, the sense of collectivism in Chinese culture has been reduced.

Masculinity: This investigation found that the internal working environment is competitive oriented, *"probably due to the nature of the bank"* (respondent A), however, Portugal is not a country with a high masculinity dimension. Respondent D from China, mentioned that this is very different from his country, *"the sense of competition here comes from everyone wanting to do their best at work, while the ambiance in China is stressful and anxious"* and these feelings come from *"the desire for senior positions and power"*. He also noticed that "Portuguese

colleagues are more accessible, and interpersonal relationships are more authentic than those in China".

Indulgence: Whether Chinese or Portuguese people, they are similar in restricting the satisfaction of their original desires. Working overtime is acceptable. Having all four respondents explain that "*it's common to give up the personal time at the weekend and deal with work.*"

Long-term Orientation: Through case analysis, Chinese employees “*prefer to save money for long-term investment and financial management*”, then make action plans and hard work for their own purposes, as mentioned in Chapter 1. The Portuguese interviewees have an obvious short-term tendency, needing to complete life needs or material satisfaction in a short time.

Low/high Context: After the interview, it was possible to observe that in daily language interaction in Portugal, people express their own views simply and straightforwardly. *“Even when encountering a situation that has an inconsistent opinion, always treat a matter without reflection on any particular person. The Chinese are obscure to express their opposition”,* as respondent A said, *“It needs to be noted in this multicultural work and to express yourself directly to work efficiently.”*

All the information about national culture from the interviews was imported into MaxQda software, and the keywords of the interview responses (fig. 7 in appendix) were derived based on the seven measurements above.

Figure 7 – Word Cloud: Information collected in interviews about National Culture,
MaxQda 2020



6.1.2 Organizational Culture

Proposal 2. The cultural diversity within the organization has a positive impact on the company.

Personal Values: Due to differences in positions and details of the job, there is no fixed standard for each person to realize their self-worth at work, although they have different cultural backgrounds. In achieving personal value, Respondent A believes that he obtains that value when his *"actions have a positive effect on the company"*, while respondent D, who has a different nationality to A, considers that *"maintaining a high level of sensitivity and responsibility in work projects"* and *"doing the job to the best of our own ability"* is what works for him. It is obvious that even though there are national cultural differences, each person's self-worth at work is related to their contribution and commitment to the organization, or in other words, to the future development of the company.

Mission and Vision: All four respondents all have a clear cognition of Bison Bank's mission and vision, which is to build a financial bridge between Asia and Europe or even other international markets. They all define that the corporate culture plays a rather important role in building a *"strong sense of inspiration"* and *"creates a sense of unity of all people, bringing together a variety of different tasks"*.

Employees' Behavior: In a multiple language work environment, people usually use English to communicate, and misunderstandings only occasionally arise, having Respondent B concludes that *"multilingualism develops the potential of individual skills"*. Although there are different greeting manners in the organization, everyone usually uses a general greeting way and has a similar understanding of professional etiquette. Even if the company has no obligatory rules that require the dress code of employees, all of them *"decide on clothes according to the work needs"* and *"dress formally and professionally, in order to show respect for the work and for others"*(respondent D). As a bridge, Team Building regularly provided by the organization, helps to *"reduce the psychological distance"* (respondent A) between employees. Our four answerers

Remuneration: To promote their position is an encouragement for the employees' job, but it also "*increases the responsibilities and workload*". The result of this study shows that cross-border acquisitions have not significantly increased the income of employees, and the company has not made adjustments in its salary structure. In terms of salary, the acquisition did not benefit its employees from it.

Decision-making Participation: At the beginning of the acquisition, employees did not work actively, but there was a force from management to promote the company. Employees expect to participate in decision-making in the bank, even though they're willing to show their own opinion when getting the support from superiors, "*there's not a formal channel to take part in it*" (Respondent C). Respondent A considered that "*the best way to achieve that, is by influencing, which means, communicate with colleagues and superiors frequently.*"

Cultural Collaboration: Compromise and collaboration are two modes that are appearing in Bison Bank. Different culture backgrounds take a different way of thinking to apply to work. As respondent D said, "*cultural clash is inevitable, but an opening mind and willingness to integrate will reduce misunderstandings and avoid conflict.*" Positive orientation from management is quite important, respondent B also considered that "*cultural management, when done properly, could even increase the organizational learning through the questions asked during the process.*" All of them believed in maximizing their respective advantages and minimizing differences, while maintaining the trust between employees from different countries, made the multicultural working environment not a bad thing.

The information from all interviews about management practices was imported into MaxQda software to derive keywords for the interview responses (fig. 9 in appendix) based on the five measures above.

Figure 9 – Word Cloud: Information collected in interviews about Management Practice, MaxQda 2020



Proposal 1 argues that national cultural differences increase post-acquisition conflict. Based on the above analysis of the interview responses, show that Bison bank work team, which is composed of employees with different cultural backgrounds, the work team did not show an ethnocentric tendency, although it shows clear differences in high/low context. These two opposite performances just avoid conflict, and it has an inclusive and supportive work environment. Therefore, this proposal cannot be supported.

Proposal 2 argues that cultural diversity within the organization has a positive impact on the company. Based on the above analysis of the interview responses, cultural diversity in the company brings more productivity and responsibility, and a clear corporate identity brings a sense of mission and harmony to employees from different countries, so this proposal is accepted.

Proposal 3 argues that Bison Bank in Portugal effectively manages workforce diversity. Based on the above analysis of the interview responses, this investigation shows that as a company in the early stage of acquisition, although it has a long-term development plans for its employees, Bison Bank's corporate system is still in the exploration process and has yet to be improved in many ways, therefore it is difficult to determine this proposal.

For this purpose, in the course of this investigation, the questions described in chapter 1 attempt to be answered, after organizing the information collected and carrying out a selection that will lead to a discussion of the results. The formulate study proposals were described in chapter 4, with the aid of a case

study to Bison Bank. The following table summarizes the results of this empirical study.

Table 4 - Final conclusions of research proposals

Code system		Results of the analysis	Proposals	Accept /Reject
National Culture	power distance	A clear hierarchy of rights	National cultural differences increase post-acquisition conflict.	Reject
	uncertainty avoidance	Not allowed to breaking the rules in the bank		
	Individualism	No strong collectivism, expressing opinions is encouraged		
	masculinity	The working environment is competitive oriented		
	indulgence	Achieve the goals at the first		
	long-term orientation	(1) Chinese employees - save money for long-term investment (2) Portuguese employees - complete life needs in a short time		
	low/high context	(1) Chinese employees - avoid express opposition (2) Portuguese employees - express own views simply and directly		
Organizational Culture	personal values	Each person's self-worth at work is related to their contribution, to the future development of the company	The cultural diversity within the organization has a positive impact on the company.	Accept
	mission and vision	As a strong sense of inspiration, a sense of unity		
	employees behavior	- Multilingualism develops the potential of individual skills - Using a general greeting way - No obligatory rules of the dress code - Team Building as a communication bridge		
Management Practice	training and development	Through the annual evaluations to create action plans for each staff	Bison Bank in Portugal effectively manage the workforce diversity.	Inconclusive
	appraisal	The reward and punishment system are not included in the bank		
	remuneration	No adjustments in its salary structure		
	decision-making participation	No formal channel to take part in it		
	cultural collaboration	Compromise and collaboration		

6.2 Conclusions, Limitations and Further Research

Using four in-depth interviews, it was concluded that with regard to national culture, although the differences between China and Portugal do exist, these cultural gaps do not have to be negative because the cultural conflicts were feeble. On the basis of mutual respect for the cultures and a clear understanding of the nature of differences, most cultural conflicts could be avoided. Even when facing cultural conflicts, it is necessary to try to accept the existence of the other national culture, then reduce the cost loss of time and money caused by a cultural clash in the acquisition process. In terms of corporate culture, cultural diversity within an organization brings many possibilities, since employees from different countries could appreciate the advantages and learn from each other, behave themselves and get familiar with colleagues, then improve the work efficiency of the team while understanding each other mutually. About management practices, Bison Bank should pay attention to cultural adjustments within the organization, considering that employees realize their career development plans are insufficient, the salary and the reward/punishment system should be reformed to encourage employees to work energetically. The management could keep an open mind to accept suggestions from employees, reduce the barriers for employees to convey opinions to their superiors and increase their sense of participation in the decision-making process.

Briefly, these findings lead to three conclusions. First, this analysis demonstrates the importance of understanding and separating cultural differences with respect to the various implications of relevant international acquisitions. Through insight into individual values and the recognition of corporate culture, this analysis contributes to an appreciation of the positive or negative impact of corporate cultural factors on cultural diversity. The point is that it is only through specific case research it is possible to provide an indication of the time and effort required by the company, in terms of cultural integration.

All of the information was collected from one case study, an acquisition between Banif and Bison. Due to a strong national culture, most Chinese companies expect to maintain their corporate image, so exact data on the ratio of male to female employees within Bison Bank are not available. Namely, the

limitation in the sample, since only four workers participated in this research, which may not represent the Chinese company reality in the Portuguese market in such a significant way. However, the qualitative method taken by this study can only provide deep research about the case companies and cannot be applied to generality.

M&A activities involve complicated problems and programs, while cross-border acquisition activities refer more cultural issues. Therefore, cross-border acquisition and related cultural integration, even management methods, should be paid great attention. During the elaboration of this investigation, it was possible to verify that some of the themes related need further exploration in Portugal, given the relevance that they may have in the internationalization of Chinese companies to Portugal. As future lines of research, it is necessary to experiment in different cultures and organizational environments with this current model and consider the significance of the effective practice of managing an organization as an important guiding direction after the acquisition.

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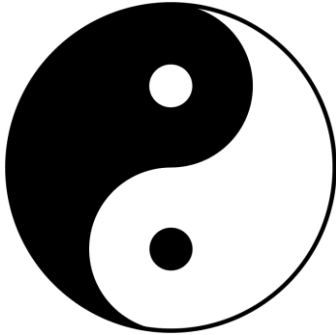
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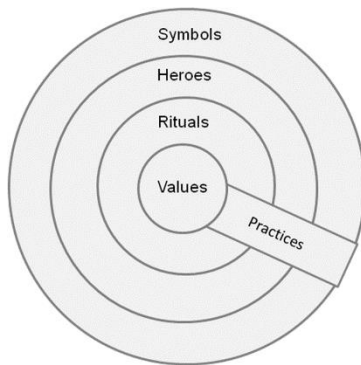
APPENDIX

Figure 1 - Image of the Yin-Yang philosophy



(Source: <https://tatiroa.wordpress.com/2013/01/18/yin-yang-philosophy/>)

Figure 2 – Hofstede's model of cultures (onion metaphor)



(Source: https://www.researchgate.net/figure/Hofstedes-model-of-cultures-onion-diagram-10_fig1_245032788)

Figure 3 – Difference between Chinese and Portuguese Culture according to the Hofstede model

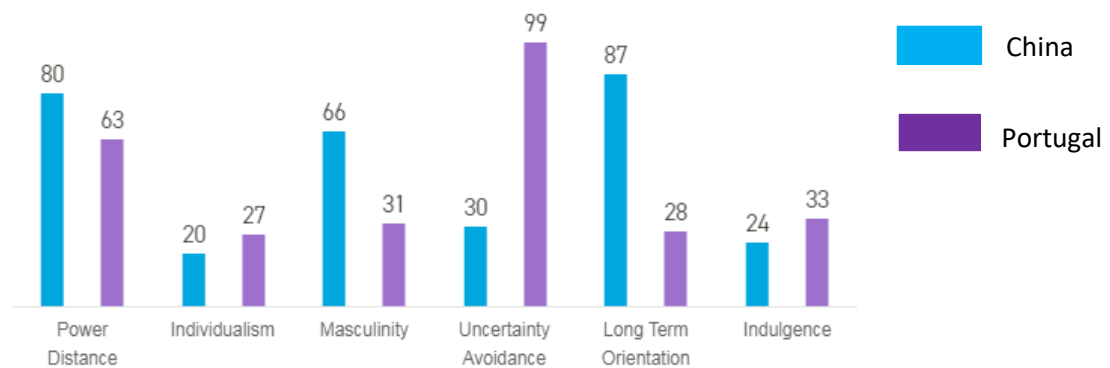
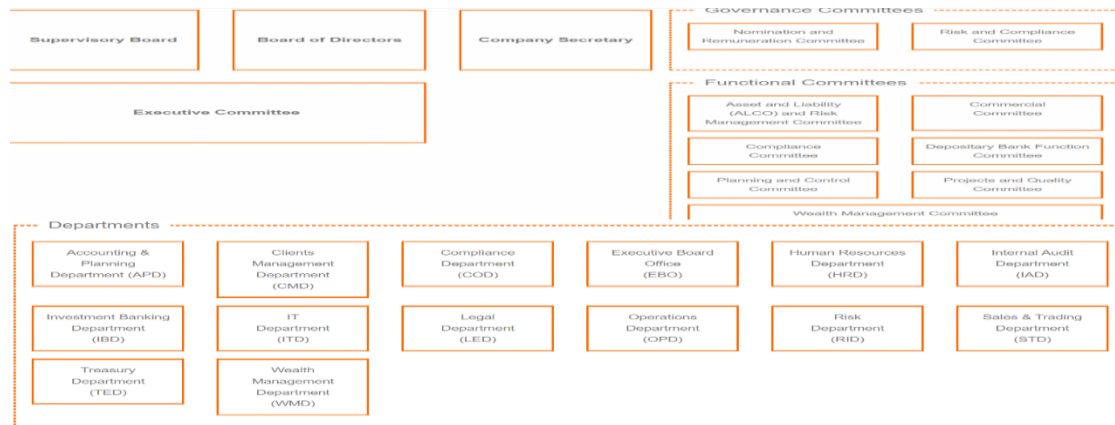
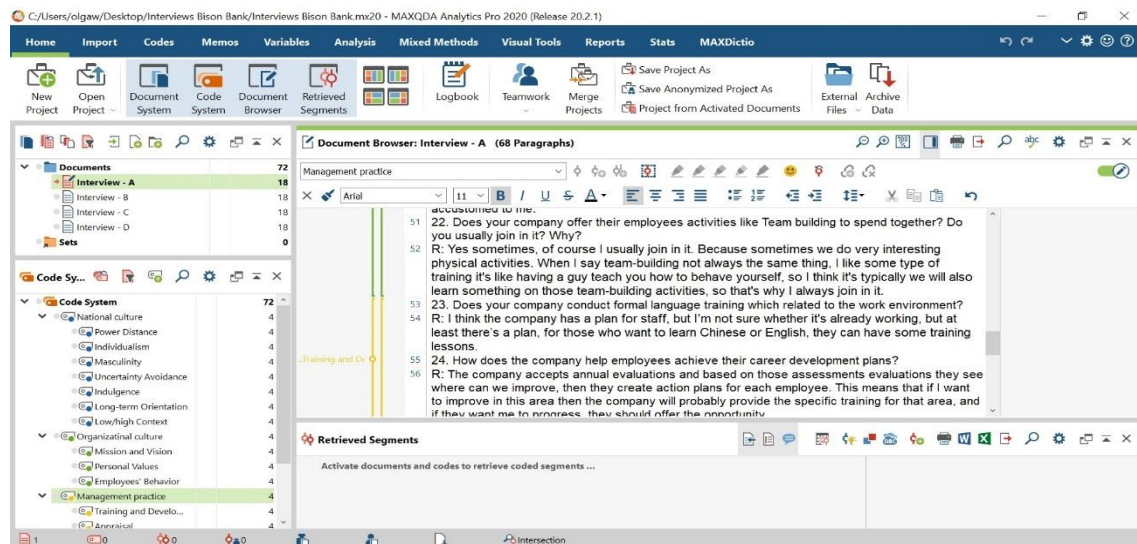
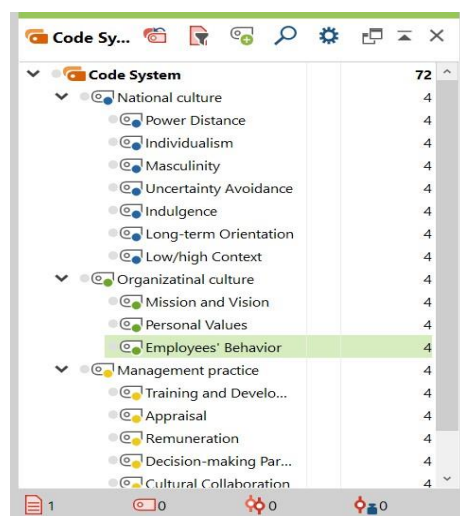


Figure 4 – Organizational Model and structure of Bison Bank in Lisbon**Figure 5 – Import Documents into MaxQda2020****Figure 6 – Code System in MaxQda2020**

Interview Guide

Respondents' Description

Gender-

Age-

Nationality-

Education level-

Position title-

Cross-cultural work experience (Years)-

Part I - Company Overview:

1. Which company did you work for? (Banif/Bison/Others)
2. How long have you worked at this company?
3. What were your feelings regarding the acquisition announcement? (fear /insecurity /satisfaction/motivation/etc.)
4. How do you perceive the consequences of the acquisition process in your company? (great/bad/indifferent/etc.)

Part II - National Culture:

5. Is it encouraged in your workplace to display self-confidence and disclosure of personal thoughts and feelings?
6. Do you feel isolated in different groups or departments?
7. Is it acceptable to break the rules in your company? Please explain.
8. Are there many opportunities for career advancement in Bison bank?
9. Do you work in a competitive and fair-minded environment?
10. Do you feel at ease to express to your superiors a different view of the one they have?
11. Do your superiors regularly gather with staff in coffee breaks?
12. When communicating with colleagues or superiors, do you use the environment and context to express your message?
13. When you have differences in opinion with your colleagues, do you handle the problem in a direct frontal confrontation way?
14. On the weekend, do you often give up personal entertainment in order to complete the unfinished work?
15. Do you reduce expenses and save money for your requirements in the substance?

Part III - Organizational Culture:

16. How do you realize your self-worth at work?
17. Please describe the mission and vision of your company.
18. What role do you think the corporate culture plays?

19. Are there any other languages being used in the company? Does it cause misunderstandings?

20. In the workplace, do the males must wear a tie, and the females have to wear high heels?

21. What kind of greeting do you use with your colleagues? Does this make you feel uncomfortable?

22. Does your company offer their employees activities like Team building to spend together? Do you usually join in it? Why?

Part IV - Management practice:

23. Does your company conduct formal language training which related to the work environment?

24. How does the company help employees achieve their career development plans?

25. What do you think of the reward and punishment system in the company?

26. Have you ever been promoted in the company? If yes, how long has it been since the last promotion?

27. Has your salary structure and quantity changed in the company? If yes, please describe.

28. As an employee, how do you involve yourself in the decision-making process of the company?

29. So far, what is the biggest difficulty you have encountered in your work? Do you get enough support from your superior?

30. Relative to your national culture, what kind of cultural integration mode do you think the company adopts: dominant, compromise, and collaboration? Please explain how does this model affect in your work.